

**SOUTHWEST AVOYELLES
WATERWORKS DISTRICT**
Bunkie, Louisiana

Compiled Financial Statements

December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 31 2012**

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| ACCOUNTANT'S REPORT | 1 |
| COMPONENT UNIT FINANCIAL STATEMENTS | |
| Comparative Balance Sheet | 3-4 |
| Comparative Statement of Revenues, Expenses and Changes in Retained Earnings | 5 |
| Comparative statement of cash flows | 6-7 |
| Notes to financial statements | 8-15 |
| ACCOUNTANTS' REPORT on APPLYING AGREED UPON PROCEDURES | 16-18 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 19 |

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Member
Society of Louisiana C.P.A.'s

ACCOUNTANT'S REPORT

Board of Directors
Southwest Avoyelles Waterworks District
Bunkie, Louisiana

I have compiled the accompanying financial statements of Southwest Avoyelles Waterworks District, a component unit of the Avoyelles Parish Police Jury, as of December 31, 2010 and 2009 and for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary information that is the representation of management. I have not audited or reviewed the accompanying 2010 and 2009 financial statements and, accordingly, do not express an opinion or any other form of assurance on them.


Roy K. Derbonne, Jr.
Certified Public Accountant

Alexandria, Louisiana
November 10, 2011

COMPONENT UNIT FINANCIAL STATEMENTS

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Proprietary Fund Type
Enterprise Fund
Comparative Balance Sheet
December 31, 2010 and 2009
(Unaudited)

| | <u>2010</u> | <u>2009</u> |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash payments to suppliers for goods and Services | \$ 32,741 | \$ 21,332 |
| Investments | 55,161 | 54,536 |
| Accrued interest receivable | 23 | 36 |
| Accounts receivable, water sales | 17,321 | 14,570 |
| Total current assets | <u>105,246</u> | <u>90,474</u> |
| Restricted assets: | | |
| Cash and cash equivalents | 147,029 | 136,177 |
| Investments | 89,182 | 88,649 |
| Accrued interest receivable | 22 | 72 |
| Property tax receivable | 15,056 | 13,358 |
| Total restricted assets | <u>251,289</u> | <u>238,256</u> |
| Land | 1,200 | 1,200 |
| Water system | 1,013,506 | 1,013,506 |
| Equipment | 22,726 | 22,726 |
| Total | <u>1,037,432</u> | <u>1,037,432</u> |
| Less: accumulated depreciation | (583,976) | (552,066) |
| Net property, plant and equipment | <u>453,456</u> | <u>485,366</u> |
| Total assets | <u>\$ 809,991</u> | <u>\$ 814,096</u> |

See accountant's report.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Proprietary Fund Type
Enterprise Fund
Comparative Balance Sheet
December 31, 2010 and 2009
(Unaudited)

| | <u>2010</u> | <u>2009</u> |
|--|-------------------|-------------------|
| LIABILITIES AND FUND EQUITY | | |
| Current liabilities: | | |
| Cash payments to suppliers for goods and Services | \$ 2,911 | \$ 1,878 |
| Due to other governments | - | 10,810 |
| Total current liabilities (payable from current assets) | <u>2,911</u> | <u>12,688</u> |
| Current liabilities (payable from restricted assets) - | | |
| Revenue bonds | 10,000 | 9,000 |
| Customer deposits | 10,430 | 10,380 |
| Accrued interest payable | 3,219 | 3,658 |
| Total current liabilities (payable from restricted assets) | <u>23,649</u> | <u>23,038</u> |
| Long-term liabilities: | | |
| Revenue bonds payable (net of current portion) | <u>56,000</u> | <u>66,000</u> |
| Total liabilities | <u>82,560</u> | <u>101,726</u> |
| Fund equity: | | |
| Contributed capital - | | |
| Grants | 639,515 | 639,515 |
| Less: Accumulated amortization | (315,127) | (292,986) |
| Net contributed capital | <u>324,388</u> | <u>346,529</u> |
| Retained earnings: | | |
| Reserved - | | |
| Revenue bond retirement | 136,147 | 124,397 |
| Unreserved | 266,896 | 241,444 |
| Total retained earnings | <u>403,043</u> | <u>365,841</u> |
| Total fund equity | <u>727,431</u> | <u>712,370</u> |
| Total liabilities and fund equity | <u>\$ 809,991</u> | <u>\$ 814,096</u> |

See accountant's report.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Proprietary Fund Type
Enterprise Fund
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings
Years Ended December 31, 2010 and 2009
(Unaudited)

| | <u>2010</u> | <u>2009</u> |
|--|-------------------|-------------------|
| Operating revenues: | | |
| Charges for services - water sales and fees | \$ 120,827 | \$ 109,504 |
| Operating Expenses | | |
| Office | 3,155 | 2,667 |
| Telephone and utilities | 16,381 | 13,162 |
| Supplies | 7,547 | 11,286 |
| Repairs and maintenance | 10,501 | 13,381 |
| Professional services | 2,413 | 2,200 |
| Contract services | 40,516 | 38,460 |
| Director per diem | 7,500 | 6,625 |
| Insurance | 1,337 | 1,451 |
| Depreciation | 31,910 | 32,736 |
| Other operating | 1,825 | 873 |
| Total operating expenses | <u>123,085</u> | <u>122,841</u> |
| Operating loss | (2,258) | (13,337) |
| Nonoperating revenues (expenses): | | |
| Interest income | 1,230 | 2,770 |
| Property tax revenue | 19,401 | 21,973 |
| Interest expense | (3,311) | (3,761) |
| Total nonoperating revenues (expenses) | <u>17,320</u> | <u>20,982</u> |
| Net income | 15,062 | 7,645 |
| Add: Depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital | 22,140 | 22,967 |
| Retained earnings, beginning | <u>365,841</u> | <u>335,229</u> |
| Retained earnings, ending | <u>\$ 403,043</u> | <u>\$ 365,841</u> |
| See accountant's report. | | |

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Proprietary Fund Type
Enterprise Fund
Comparative Statement of Cash Flows
Years Ended December 31, 2010 and 2009
(Unaudited)

| | <u>2010</u> | <u>2009</u> |
|--|--------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 118,126 | \$ 113,185 |
| Cash payments to suppliers for goods and Services | <u>(90,142)</u> | <u>(91,109)</u> |
| Net cash provided by operating activities | 27,984 | 22,076 |
| Cash flows from capital and related financing activities: | | |
| Principal paid on notes and bonds payable | (9,000) | (9,000) |
| Interest paid on notes and bonds payable | (3,750) | (4,200) |
| Proceeds from (payments to) other government | (10,810) | 10,810 |
| Tax revenue collected, net of fees | <u>17,702</u> | <u>17,899</u> |
| Net cash provided (used) for capital and related | (5,858) | 15,509 |
| Cash flows from investing activities: | | |
| Increase in investments | (1,158) | (2,672) |
| Interest received on investments | <u>1,293</u> | <u>2,884</u> |
| Net cash provided by investing activities | <u>135</u> | <u>212</u> |
| Net increase in cash and cash equivalents | 22,261 | 37,797 |
| Cash and cash equivalents, beginning of year | <u>157,509</u> | <u>119,712</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 179,770</u></u> | <u><u>\$ 157,509</u></u> |

See accountant's report.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Proprietary Fund Type
Enterprise Fund
Comparative Statement of Cash Flows (Continued)
Years Ended December 31, 2010 and 2009
(Unaudited)

| | <u>2010</u> | <u>2009</u> |
|---|------------------|------------------|
| Reconciliation of net income to net cash provided by operating activities: | \$ (2,258) | \$ (13,337) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 31,910 | 32,736 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in accounts receivable | (2,751) | 2,441 |
| Increase (decrease) in accounts payable | 1,033 | (1,004) |
| Increase in customer deposits | 50 | 1,240 |
| Total adjustments | <u>30,242</u> | <u>35,413</u> |
| Net cash provided by operating activities | <u>\$ 27,984</u> | <u>\$ 22,076</u> |

SOUTHWEST AVOYELLES WATERWORKS DISTRICT

Bunkie, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The Southwest Avoyelles Waterworks District (the "District") was created on March 23, 1973 as a nonprofit corporation as defined in Louisiana Revised Statutes Title 12, Chapter 2. The Corporation operates under a Board of Directors consisting of four (4) members. The following is a summary of certain accounting policies.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, Audits of State and Local Governmental Units.

The Water District is a component unit of the Avoyelles Parish Police Jury, the primary government. The directors of the District are appointed by the Avoyelles Parish Police Jury.

The Water District serves approximately 300 customers and has 2 contract employees.

A. Basis of Presentation

The accompanying component unit financial statements of the Southwest Avoyelles Waterworks District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

For financial reporting purposes, these component unit financial statements include all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana. Although legally separate from the Avoyelles Parish Police Jury, the Avoyelles Parish Police Jury appoints the Board of Directors and has the ability to impose its will on the District, and therefore, is considered to be a component unit of the Avoyelles Parish Police Jury (primary government), the financial reporting entity.

C. Fund Accounting

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses an enterprise fund to account for its proprietary fund operations. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Notes to the Financial Statements

general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded in accounts receivable.

E. Fixed Assets and Liabilities

Fixed assets are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | |
|---------------------|-------------|
| Equipment | 5 - 8 years |
| Buildings | 40 years |
| Storage tanks | 50 years |
| Distribution system | 50 years |

All fixed assets are stated at historical cost. Donated fixed assets, if any, are stated at their estimated fair value on the date donated.

The District follows the policy of capitalizing interest as a component of the cost of property, plant and equipment for its own use. For the year ended December 31, 2010 and 2009, there were no interest charges capitalized on fixed assets acquired or constructed.

F. Investments

Investments, which consist of insured money market accounts and interest-bearing demand deposit accounts are stated at cost, which approximates market.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Notes to the Financial Statements

G. Restricted Assets

Certain proceeds of the Revenue Bonds and Public Improvement Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Also, security deposits paid by customers are classified as restricted assets since they are refundable to the customer.

H. Bad Debts

The allowance method is used to recognize bad debts of accounts receivable. The allowance is determined based upon past history and the aging of accounts receivable as of year-end. The allowance for bad debts at December 31, 2010 and 2009 is immaterial.

I. Compensated Absences

The District has no set policy for accumulated vacation, sick pay or other employee benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

J. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

K. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

(2) Cash and Investments

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the law of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Notes to the Financial Statements

and national banks having principal offices in Louisiana. At December 31, 2010 and 2009, the District had cash and interest-bearing deposits (book balances) totaling \$179,770 and \$157,509. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. Deposit balances (bank balances) at December 31, 2010 and 2009 of \$179,910 and \$157,843, respectively, were secured by federal deposit insurance.

The investments held by the District are comprised of time deposits with a maturity of six months and one year. The carrying amount approximates market. The bank balances at December 31, 2010 and 2009 were \$144,343 and 143,185, respectively, and were secured by federal deposit insurance.

(3) Accounts Receivable

The accounts receivable balance at December 31, 2010 and 2009 of \$17,321 and \$14,570, respectively, consisted of the following:

| | <u>2010</u> | | <u>2009</u> | |
|------------------------|------------------|-------------|------------------|-------------|
| Billed - | | | | |
| Current | \$ 8,455 | 65% | \$ 7,849 | 74% |
| Arrears | <u>4,638</u> | <u>35%</u> | <u>2,796</u> | <u>26%</u> |
| Total billed | 13,093 | <u>100%</u> | 10,645 | <u>100%</u> |
| Unbilled | <u>4,228</u> | | <u>3,925</u> | |
| Total receivables, net | <u>\$ 17,321</u> | | <u>\$ 14,570</u> | |

Unbilled receivables represent the estimated billings for water sales from the last date the meters were read in the year of 2010 (approximately the 15th of December) to the end of the year.

The property tax revenue for 2010 and 2009 and the receivable balance at December 31, 2010 and 2009 consisted of the following:

| | <u>2010</u> | <u>2009</u> |
|---------------------------------------|------------------|------------------|
| Taxable assessments | \$ 2,894,478 | \$ 3,181,194 |
| Millage rate | <u>0.00670</u> | <u>0.00670</u> |
| Gross tax revenue | 19,393 | 21,314 |
| Collections of Interest and late fees | <u>8</u> | <u>659</u> |
| Net tax revenue | <u>\$ 19,401</u> | <u>\$ 21,973</u> |
| Property tax receivable | <u>\$ 15,056</u> | <u>\$ 13,358</u> |

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Notes to the Financial Statements

The taxes are levied in October of each year and are payable by January 1 of the following year. The Avoyelles Parish Sheriff bills and collects the taxes. The tax rolls are prepared and certified by the Avoyelles Parish Assessor. As per Note 5, these revenues are securing the Public Improvement Bonds payable at FHA. The 6.7 tax millage expires in the year 2010.

(4) Property, Plant and Equipment

A summary of changes in property, plant and equipment follows:

| | 2010 | | | Balance 12/31/10 |
|---------------------|---------------------|-------------|-------------|---------------------|
| | Balance 12/31/09 | Additions | Deletions | |
| Land | \$ 1,200 | \$ - | \$ - | \$ 1,200 |
| Equipment | 22,726 | - | - | 22,726 |
| Distribution system | 1,013,506 | - | - | 1,013,506 |
| Totals | <u>\$ 1,037,432</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,037,432</u> |

| | 2009 | | | Balance 12/31/09 |
|---------------------|---------------------|-------------|-------------|---------------------|
| | Balance 12/31/08 | Additions | Deletions | |
| Land | \$ 1,200 | \$ - | \$ - | \$ 1,200 |
| Equipment | 22,726 | - | - | 22,726 |
| Distribution system | 1,013,506 | - | - | 1,013,506 |
| Totals | <u>\$ 1,037,432</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,037,432</u> |

(5) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2010 and 2009:

| | 2010 | 2009 |
|--|------------------|------------------|
| Long-term obligations payable, beginning of year | \$ 75,000 | \$ 84,000 |
| Additions | - | - |
| Deductions | (9,000) | (9,000) |
| Long-term obligations payable, end of year | <u>\$ 66,000</u> | <u>\$ 75,000</u> |

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Notes to the Financial Statements

Notes and bonds payable (current and long-term portions) are financed with the Farmers Home Administration (FHA).

Notes and bonds payable at December 31, 2010 consist of the following individual liability:

Revenue Bonds:

\$225,000 1976 bonds, bearing interest at 5% per annum. Final maturity date of January 9, 2016. **\$75,000**

Principal and interest payments on the Revenue Bonds, Public Improvement Bonds, and the installment note are due on January 6th of each year.

The Revenue Bonds and the installment note are secured by the revenue derived from operation of the system. The Public Improvement Bonds are secured by the annual levy of unlimited ad valorem taxes on all taxable property within the corporate limits of the Waterworks District.

The annual requirements to amortize all notes and bonds outstanding as of December 31, 2010 are as follows:

| <u>Period Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------|-------------------------|-------------------------|-------------------------|
| 2011 | 10,000 | 3,300 | 13,300 |
| 2012 | 10,000 | 2,800 | 12,800 |
| 2013 | 11,000 | 2,300 | 13,300 |
| 2014 | 11,000 | 1,750 | 12,750 |
| 2015 | 12,000 | 1,200 | 13,200 |
| 2016 | <u>12,000</u> | <u>600</u> | <u>12,600</u> |
| Total | <u>\$ 66,000</u> | <u>\$ 11,950</u> | <u>\$ 77,950</u> |

The ordinance authorizing issuance of the revenue bonds created the Bond Sinking Fund, Interest Reserve Fund and Contingencies and Depreciation Fund. The gross revenues of the waterworks system, after deduction of reasonable expenses of operations and maintenance are pledged to these funds as follows:

Bond Sinking Fund

A transfer from the Water Revenue Fund on or before the 20th day of each month of each year is a sum equal to one-twelfth (1/12) of the total amount of principal and interest falling due in ensuing year.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Notes to the Financial Statements

Interest Reserve Fund

A transfer from the Water Revenue Fund on or before the 20th day of each month of each year is a sum at least equal to five percent (5%) of the amount being transferred to the Bond Sinking Fund, with payments to continue until the fund has accumulated a sum equal to the highest combined principal and interest falling due in any year, as a Debt Service Reserve or the sole purpose of paying the principal and interest on bonds payable from the Bond Sinking Fund as to which there might otherwise be default.

Contingencies and Depreciation Fund

A transfer from the Water Revenue Fund on or before the 20th day of each month of each year is the sum of fifty-five dollars (\$55.00), said funds to be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the System properly.

All required deposits were made to these funds. Activity in these funds for 2010 and 2009 follows:

| | 2010 | | |
|-----------------------------|------------------|------------------|----------------------|
| | Sinking Fund | Reserve Fund | Depreciation Fund |
| Balances 12/31/09 | \$ 24,874 | \$ 17,336 | \$ 15,383 |
| Transfers in | 14,940 | 748 | 660 |
| Interest earned | 20 | 17 | 16 |
| Payments on bonds and notes | (12,750) | - | - |
| Balances 12/31/10 | <u>\$ 27,084</u> | <u>\$ 18,101</u> | <u>\$ 16,059</u> |
| | 2009 | | |
| | Sinking Fund | Reserve Fund | Depreciation Fund |
| Balances 12/31/08 | \$ 23,116 | \$ 16,571 | \$ 14,708 |
| Transfers in | 14,940 | 748 | 660 |
| Interest earned | 18 | 17 | 15 |
| Payments on bonds and notes | (13,200) | - | - |
| Balances 12/31/09 | <u>\$ 24,874</u> | <u>\$ 17,336</u> | <u>\$ 15,383</u> |

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Notes to the Financial Statements

(6) Retirement Commitments

All work is done by subcontractors, therefore, the District has no responsibility to provide retirement benefits.

(7) Contributed Capital

Amounts contributed to the enterprise fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This depreciation is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

Contributed capital for the Water District consist of the following:

| | |
|----------------|-------------------|
| Federal Grants | <u>\$ 639,515</u> |
|----------------|-------------------|

The contributed capital is externally restricted for capital acquisitions or construction. Depreciation on the fixed assets acquired by contributed capital is treated as a reduction of contributed capital and a corresponding increase in retained earnings. In the current year, \$ 22,140 of contributed capital was amortized.

(8) Litigation

At December 31, 2010, there is no litigation pending against the District.

(9) Board Member's Compensation

The Board of Directors each received \$125 a month for 12 months. This amounts to \$1,500 annually. For the year ended December 31, 2010 and 2009 the board members received \$7,500 and \$6,625 respectively.

(10) Other Matters

The Legislative Auditor is conducting an investigation of the District. The Legislative Auditor's investigation has not been completed as of the date of this report, and the effect of this investigation on the financial statements is not known at this time.

Roy K. Derbonne, JR., LLC

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Member
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ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Southwest Avoyelles Waterworks District
Bunkie, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Southwest Avoyelles Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Southwest Avoyelles Waterworks District's compliance with certain laws and regulations during the year ended December 31, 2009 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedure engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested of for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of management as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management verbally provided me with the required list of contractors and noted none were immediate family members.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list of contractors since they do not have employees.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the contractors included on the list of provided by management (agreed-upon procedure (3) appeared on the list of immediate family members as per agreed-upon procedure (2).

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Southwest Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles Parish Police Jury, is not required to adopt a budget.

6. Trace the budget adoption and amendments to the published advertisement in the official journal.

Southwest Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles Parish Police Jury, is not required to adopt a budget.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

Southwest Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles Parish Police Jury, is not required to adopt a budget.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- a. trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the twelve selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. determine if payments were properly coded to the correct fund and general ledger account; and

All payments were properly coded to the correct fund and general ledger account.

- c. determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the twelve selected disbursements indicated approval from the Southwest Avoyelles Waterworks District.

9. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

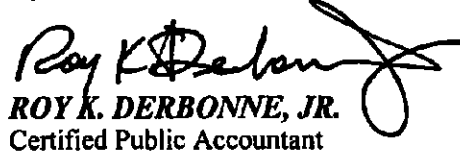
I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

10. Examine payroll records for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

I inspected payroll records for the year and noted no instances that would indicate payments to employees, which would constitute bonuses, advances or gifts.

I was not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Southwest Avoyelles Waterworks District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


ROY K. DERBONNE, JR.
Certified Public Accountant

Alexandria, Louisiana
November 10, 2011

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Finding 2010-1 – Timely Completion of the Compilation Report

Louisiana Rev. Stat. 24:513 require Southwest Avoyelles Waterworks District to furnish the completed Compilation Report to the Legislative Auditor's Office within six months after the close of the entity's year-end. The Compilation Report was not furnished to the Legislative Auditor's office within the required time frame. The cause for the delay was incomplete accounting records.

Recommendation

Complete accounting information should be made available early enough to allow the timely completion of the Compilation Report. This may require a new accounting system and use of computer programs to facilitate the timely submission of the accounting information needed to complete the Compilation on a timely basis.

Plan of Action

The District is going to replace the superintendent, computerize billing and their accounting records so that the information will be available to the accountant on a timely basis. The board hopes to complete these changes by the end of December 2012.